

CONTRACT TRUST CALL  
OCTOBER 20,2018

**RECORD**

**DISCLAIMER** We are not accountants, tax professionals, lawyers or currency dealers. We are not engaged in rendering legal, tax, accounting or other professional advice. Should you require those services, you should retain competent advice from a professional in that field.

**WELCOME**

Thanks for joining us today. We are going to change things up a bit today. The first part of our call is an introduction to the Contract Trust and why we feel it is the best entity from which to manage the gains you may have from the foreign currency you own. My friend Judy will be assisting on that part of the call. The second part of the call will deal with how you operate your Trust. My colleague Jim will be helping with that part. So, Judy, let's get started.

1. Hi Carol. Like so many of our listeners, I hold some foreign currency that is expected to revalue soon. I know when it does I need to somehow protect the money. Can you help me with that?
  - a. As a matter of fact, I can. We have a great estate planning and asset protection tool that is known as a Contract Trust.
  
2. What exactly is a Trust?
  - a. A trust is a fiduciary arrangement that allows a third party, or trustee, to hold assets on behalf of another.
  
  - b. The concept of a private Trust was established in England in the 13<sup>th</sup> century and many aspects of trust activities have been codified into law in England, the US and other countries.
  
  - c. The Trust that we use is a common law irrevocable contract trust. It is valid and legal in all 50 states, as well as most common law countries.

- d. Its widespread use in Massachusetts in the early 1800's led to the name Massachusetts Business Trust.
  - e. The Trust that we use is based upon the Massachusetts Business Trust. As some of you are aware, we decided to drop word Business from the name, as it caused a great deal of confusion, especially with the banks.
3. I've heard of Trusts, but not Contract Trusts. Can you define the differences between them?
- a. There are Statutory Trusts and Common Law Trusts, they can be revocable or irrevocable.
  - b. Statutory Trusts are created by laws passed by some legislative body, usually a state.
  - c. Statutory Trusts are typically created by gifting or granting property into a Trust, to be managed by someone else.
  - d. A Contract Trust is recognized by the Internal Revenue Service and by the courts as a UBO. (Unincorporated Business Organization).
  - e. The basis for the terminology "Common-law Trust" is that they are created under the common law of contracts and do not depend upon any statute for its existence. See the United States Constitution, Article 1 Sec. 10, Clause 1.
4. Carol, can you explain those terms?
- a. Many of us are familiar with the revocable living trust as a means of protecting our estates. While those statutory entities are great at avoiding probate, because there is no probate, the publicity usually associated with probate is diminished. In these aspects, the Living Trust is a little better than a will. Living Trusts, like wills, are subject to federal and state inheritance taxes. Revocable Living Trusts provide absolutely no protection to the assets that have been placed in them.

- b. A Contract Trust is a non-statutory unincorporated business organization created by a legal document, a declaration of trust. A Common Law Contract Trust is not really a Trust at all, but a contract in Trust format. It is a unique agency of commerce that offers numerous advantages in the areas of estate preservation and asset protection.
5. Is the Business Trust revocable or irrevocable and what's the difference?
- a. An irrevocable trust is one which cannot be changed or amended after its creation. Once assets go into the Irrevocable Trust, they belong to the Trust and are no longer the property of the former owner. A properly crafted irrevocable Business Trust can provide the best possible protection from creditors, as you no longer own those assets.
  - b. When creating a revocable trust, the grantor retains control and ownership of those assets, right up to the time of his or her death. Typically, all that is avoided is probate. Inheritance taxes may still apply and there is no protection from creditors.
6. What are the benefits of a Business Trust over a regular statutory Trust?
- a. A statutory trust is a "privilege" granted by statute and is regulated by the laws of the states in which it was created. A Contract Business Trust is actually a contract in trust format. The "right" to contract is guaranteed by Article 1, Section 10 of the US Constitution, a common law contract itself. When researching the two, you won't even find the Business Trust in the "T" as in Tom section of the Law Library, but in the "B" as in Boy section. We are guaranteed the Right to Contract by Article I Section 10 of the US Constitution, a common law instrument itself.
  - b. It is a matter of rights vs. privilege. Why should we restrict the operation of our businesses to the territory granted by legislative privilege when it is not really necessary? Also, the Business Trust is totally private, and not required to be registered or filed in any state unless one is actively involved in a business.
  - c. One of the major benefits is that the Business Trust contract allows

you to be the Trustee of your own Trust. You retain full management, control and benefit of the assets of the Trust. There is no one between you and your money.

- d. A statutory Trust assigns someone else to be the Trustee. You are NOT in total control of the Trust.
- e. It is irrevocable, which means the terms of the Trust cannot be changed. No one can force you to revoke the Trust to pay someone else. It effectively gives you an “empty pockets” persona. The most significant distinctions between revocable and irrevocable trusts are the estate tax considerations. Property that you place in an irrevocable trust is no longer considered part of your estate, meaning that the property typically isn’t included in your estate’s value when it comes to determining if you owe death taxes and, if so, how much. It also avoids probate issues.
- f. In my opinion, the Contract Business Trust is the best asset protection vehicle for this RV. The Contract Business Trust is a common law document and is legal in all 50 states and common law countries. It is private, not required to be registered in any state (except Nevada), unless it is actively engaged in operating a business. That ensures your privacy.
- g. There are no annual fees.
- h. Record keeping is minimal, and you can do it yourself.
- i. You can name your spouse as co-Trustee.
- j. One or both of you can become Executive Trustees, allowing one to act on behalf of the other.
- k. You can name your children as Successor Trustees.
- l. You can designate 1 or more Successor Trustees, specifying that they both become Trustees at the same time, or one goes before the other.

You can change this designation at any time for any reason.

- m. You can add a “bloodline” clause, to ensure that your family’s generational wealth does not fall into other’s hands.
  - n. You can also add a “spendthrift” clause so no one can hypothecate or pledge his or her possible share of Trust income.
7. Why do some attorneys and other professionals deny the validity of the Common Law Contract Trust?
- a. These professions are likely more familiar with Statutory Law, Revocable Living Trusts and Family Trusts. For that reason, many attorneys have said that common law and common law Trusts are no longer valid. This is not true.
  - b. Common Law isn’t even taught by most major colleges and universities anymore.
  - c. Some attorneys are aware of the Massachusetts Business Trust, but once in place, they make no money from them. It’s been said that the file cabinet full of Revocable Living Trusts are the attorneys retirement!
8. Are you an attorney?
- a. No, Neither Jim nor I have ever claimed to be attorneys. As this Contract Trust is a creature of Common Law, anyone can prepare one. The Trust that we use was written by an attorney some 30 years ago. We feel we have an excellent, time and court tested Trust that will benefit you more than a statutory Trust created by an expensive law firm. We provide extensive legal back up for all of our Trusts.
9. Thanks for clearing that up. So how do I get started?
- a. We have an application that requests minimal information from you.
    - i. First off, you must name your Trust. Strangely enough this a a bit of a stumbling block for many. Anything that sounds good to you is OK. Try for a strong sounding name. DO NOT use your surname or sequential numbering, e.g. My Trust #1, My

Trust #2, etc. That would indicate there is more than one.

- ii. You need an address for the Trust. One thing we strongly suggest is utilizing a common business practice of domiciling the Trust in one of the 7 states that do not have a state income tax.
  - (1) We recommend Wyoming, where it is easy to get a mailbox with a street address and there are no stringent laws about Business Trusts.
  - (2) As an aside, I personally recommend that regardless of where you live, get a mailbox near you to protect your privacy and anonymity.
- iii. Name the Creator; a third party is necessary for the Creation of the Trust and Appointment of the First Trustee. This person has no further obligation, liability, responsibility or authority in the Trust.
  - (1) Although the Creator's role is very important, it is also very short lived. The Creator can be anyone; a sibling, adult child, or friend. It should be someone who lives near you, as you both need to sign several pages of the Trust before a Notary.
  - (2) Once the Creator has initiated the Trust and appointed the first Trustee, (you) he or she exits the contract.
  - (3) Many are concerned that the Creator will have too much information about their assets. This is one of the most common issues I hear. To paraphrase from the Trust Preamble... "the Exchanger (you) does hereby bargain, assign, convey, exchange and deliver to the Creator, who now temporarily takes and holds title thereto in the Trust Organization; all that certain property of the Exchanger as listed in Schedule A. This exchange does not constitute a sale or gift." The Exchange is on paper only. We prepare all the paperwork for you.

- iv. You are exchanging your assets with the Creator for \$21 and 100 Trust Certificate Units. I usually suggest you “lend” the Creator the \$21 or take him or her to lunch, so they’re not out anything by assisting you.
  - v. You name yourself as Investor/Exchanger #1. If you are married, name your spouse as Investor/Exchanger #2.
  - vi. You are the First Trustee nominee. Your spouse is the Second Trustee Nominee.
  - vii. You must name at least one Successor Trustee.
  - viii. List the currencies you hold. Amounts are not necessary.
  - ix. Add your SSN, so we can obtain an EIN for the Trust. Although some people have a previously assigned EIN, we always get a new one for your new Trust.
10. You mentioned Successor Trustees. Is that how I take care of my children and future generations?
- a. Yes. When the Trust is created, you need to name one or more successor trustees. That's usually your kids. If they are minors, you can name an interim successor Trustee to manage the Trust on their behalf until they are old enough and mature enough to handle it. If your kids are minors, I suggest the age at which they over from the interim successor trustee to be at least 25.
  - b. You can also add a bloodline clause, so all your successors will be from your family.
  - c. A lot a people ask about Spendthrift Trusts. A spendthrift clause will protect the assets of the trust from a future trustee or certificate holder from encumbering any interest in the Trust.

I think this is a good time for Q and A, so if you have any questions, please \*6

yourself to raise your hand. In the meantime, we can switch gears here and chat with Jim about operating the Trust. (I will ask questions and Jim can answer, either adlib or read, his choice.)

1. How do I get money to spend?
2. How do I diversify to other banks?
3. Can I purchase from my "Car Trust", a car and pay cash ,or do I want to lease it..to still show a lien on it(no ownership unanimity). And If I do go that route ,what happens when the Car is paid off ? Whose name will the Title be in? Trust or mine, please explain? ( Want to always keep unanimity).
4. Same as with purchasing a New Home, can my "Estate Trust"purchase it and I still have anonymity ,and or do I lease it to myself, for the sake of unanimity, but when the loan is paid off, whose name will show on the deed mine or the Trust?
5. What ever money I pay myself as a Trustee it subject to a 1099 or K-1 income and therefore, reportable on our own 1040 Individual Tax Return Each Year, right ?
6. DO I need different accounts for each currency I hold?
7. I'm using an existing P.O.Box which has other mail going to it , addressed to myself , as my Trust address also ,is that ok?
8. If it isn't what would be the steps to follow, to make the change and to keep unanimity ?
9. How I should proceed if I want to open a second trust account with another successor trustee. Should I use money from the current trust account or should I put aside separate funds for the proposed trust? Would it be a problem to use money form the current trust to do so?
10. Since my trusts are irrevocable, how can I get money to transfer or gift to my families, relatives and friends? I have a long list of names and people



who are badly in need of help. I planned to provide houses, and money to their account, where will I get the money from to the first trust or the second trust (mother lode trust).

11. I have few Zims all intended for Humanitarian Projects, should I get another trust for this? for now, where will I deposit it to?
12. I am confused regarding the functions between the first trust and the second trust. Please highlight me with this. [The Mother Lode Trust is the one that holds the bulk of the money. No one, other than you and your bakers should ever know about it. Please see the attachment on Multi Trusts.](#)
13. Can I create a trust for each of my children and place a certain amount of money in each of their trusts and myself and each child be trustees? My purpose is to be able to transfer money from the mother lode trust into each of their trusts without creating any taxable transaction plus teaching them how to operate their trusts. (I suppose I could even require two signatures on checks to allow me some control.)
14. Can the trust give any amount to any individual at any time (not just to another trust or non-profit) [Yes, but stay under the annual limit of \\$15K per person.](#)
15. Does the individual taxable gifting laws still apply if the gift is given from the trust? [To my knowledge, yes. Good question for your CPA.](#)
16. My daughter and my grandson are on medical disability =- but no trusts in place yet as no funds to get or use one until I have funds----
  - a. so they both said - Just put it all in yours , and then when we get our( special needs ) trusts, you can transfer it over to ours. [Would this work - what are the requirements to 'transfer' from one trust to one with different trustees, etc ? One Trust can fund another, which is a tax free exchange.](#)
  - b. [AND, same idea - most of my peer group are on social security, med disability even - if they simply deposited the currency in some type of savings, CD or whatever while they get their trusts, game plans,](#)

etc into place , will that totally mess up their financial status - I mean if I suddenly have a bank account with several million dollars, then in 6 months transfer it all into a trust - it WILL show up that I had, owned, somehow got this large amount of income, so ????? I HAVE ALWAYS RECOMMENDED THAT YOU DO NOT TAKE THIS MONEY PERSONALLY, IN YOUR OWN NAME. It WILL show up. However, if you have all this money, will you really care about social security, and other benefits? My husband and I both collect Social Security. We paid into the Social Security system. I believe we (all of us) have every right to continue to receive those payments. Other benefits, like Food Stamps, Medicaid, etc., have not been earned and I feel, morally, should be declined when you have RV money. All of our RV money will be in Trusts.

So would it be wise, or possible, to put 80-90% of (son's, daughter's, etc) funds into my existing trust , (I'm assuming you are talking about their foreign currency, I would do all of it) and then move it to the people and places it needs to end up? That makes sense to me. If not, what would an alternate solution be for those who have not yet **gotten** their trust?

17. Sharon: Once our funds are deposited into a B T O TRUST ( not other types- that are being mentioned everywhere else ) - - are we allowed to GIVE funds to a person, or a charity - or does it have to be a loan -= balloon payment type of document - or we have to have THEM have their own trust to deposit from one trust to another -
18. What is the best way to give more than the \$ 15, 000 gift exemption thing ? - so what is best way to fund big amounts , big projects - ( 100 ,000 - = million dollar type things) No one I know even knows a tax lawyer to ask such questions -= and since I am SS , they would think I was a big nuts to need such info !
19. Will we need a separate EIN for Branch Trust accounts if there is a checking account associated with it?
20. Are we correct that the Mother Lode account should be in a non-interest bearing checking account with no checks and only a debit card associated

with it? If so, why non-interest bearing? [From what I've heard recently, it doesn't have to be NIB.](#)

21. If we currently have an art collection with significant value, should we have a Branch Trust account set up for it now along with other non-real property items?
22. Our home was Quit Claimed in to our Living Trust account? If we wanted to transfer the ownership in to a Contract Trust Branch account now, do you know how we would do so and what the cost would be of this BT account?

From what we're hearing, our RV may be here soon, so I encourage you to be prepared. We've heard that the banks may offer some kind of temporary or skeleton trust if you don't have one. Not only will that make the bank your partner, they may see you as being unprepared and as such they may be less likely to negotiate rates, perks or benefits for you.

Judy, thanks for your assistance today.

Thank you Jim, would you like to add your contact information?

My name is Carol Werelius, you can reach me at 425-820-8090, or [info@indicatorinformation.com](mailto:info@indicatorinformation.com).

[I'd like to thank you all for your time and attention. Go RV!](#)